

City of Scottsdale: *Economic Trends Report*



October 2009

Economic Vitality Department



Economic Trends Report

October 2009

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I. INTRODUCTION

The Economic Trends Report provides detailed information on the Scottsdale economy, giving the reader a summary of what sets Scottsdale apart from other metro Phoenix cities. The study presents a historical overview of local economic indicators, and provides a comparison of Scottsdale to the balance of the Phoenix metro area.

The Economic Vitality Department welcomes your input and suggestions for changes and additions in future issues, and is pleased to grant permission to use excerpts from this material when credit is given to the City of Scottsdale.



II. EXECUTIVE SUMMARY

General

- ◇ 2009 & 2010 are projected to mark the bottoming out of the recession and the beginning of the economic recovery for Scottsdale and the broader national economy. Arizona is expected to somewhat lag behind the national recovery, and the recovery will be modest.
- ◇ Unemployment rates have risen across the state, with Scottsdale's estimated average unemployment rate (through Sept.) at 5.6 percent, significantly lower than those of the metro area (7.7%) or state (8.3%).
- ◇ In Fiscal Year 2008/09, the City assisted 7 companies in moving to or expanding in Scottsdale, adding 364 jobs to the market.

Population/Demographics

- ◇ Scottsdale is the fifth largest city in the Phoenix metro area. Since 2000, population growth rates in Scottsdale have slowed, with a 2008 population 19.6 percent higher than the population in 2000.
- ◇ In 2005, the median household income in Scottsdale was 42 percent higher than the average median household income in the Phoenix metro area. Scottsdale is expected to remain the income leader among major cities in the Metro area going forward.
- ◇ Scottsdale's employment base is highly diversified with business services, high technology, bio-medical, tourism, and retail all playing important roles in the economy. Major employers include: Scottsdale Healthcare, Mayo Clinic, General Dynamics, Scottsdale Unified School District, CVS—Caremark, Go Daddy Group, The Vanguard Group, Scottsdale Insurance Company, and Dial Corporation.

Employment

- ◇ The Phoenix metro area employment grew by approximately 21,400 in 2008.
- ◇ Scottsdale has one of the lowest unemployment rates in the metropolitan area. In 2008, Scottsdale's average unemployment rate was 3.8 percent, compared to the Metro area rate of 4.9 percent.
- ◇ The slowing housing market led to a decrease of residential building permits in Scottsdale for fiscal FY08/09. A total of 646 residential units were permitted in FY08/09. Single-family residences accounted for 586 of the total permits.
- ◇ The value of Scottsdale's building permits in calendar year 2008 declined to \$649,548,404 from a value of \$1,166,708,287 in 2007. Scottsdale's percentage of building permit value for all of Maricopa County rose to 12.3 percent in 2008.

Building Activity

Building Activity (continued)

- ◇ Commercial vacancy rates at year-end 2008 for industrial were 10.7 percent, 24.5 percent for all types of office, and 6.3 percent retail spaces in Scottsdale
- ◇ Since 2003, reinvestment in southern Scottsdale (area south of Chaparral Road) has totaled approximately \$3.4 billion, with roughly \$1.5 billion in completed projects, \$1.0 billion currently under construction, and \$922 million in additional projects that are planned (these projects are expected to be completed within the next several years).
- ◇ As a part of Southern Scottsdale, Downtown has received over \$2 billion in public and private investments since 2003.

Tax Activity

- ◇ The assessed value of Scottsdale property (the value on which property taxes are calculated) is second only to Phoenix in the state. In Fiscal Year 2007/08, Scottsdale had the highest assessed valuation per capita among the major cities in the Metro area at \$29,892.
- ◇ Sales tax collections per capita for Scottsdale are consistently the highest of all Metro communities.
- ◇ The property tax rate for the City of Scottsdale approximately 26.5 percent below property the average of property tax rates in other Metro area cities.

Tax Activity (continued)

- ◇ Total sales tax collections for FY08/09 were \$139.4 million, about 22 percent lower than FY07/08 collections.

Tourism, Education, Bond Ratings

- ◇ Tourism is one of Scottsdale's major industries, and it was responsible for \$9.3 million in bed tax receipts for the City of Scottsdale in 2008.
- ◇ The 2008 average hotel room rate was \$172.26.
- ◇ The average occupancy for Scottsdale/Paradise Valley hotels in 2008 was 61.0 percent.
- ◇ Hotel occupancy rates and average room rental rates have dropped off in 2009 due to the economy.
- ◇ Scottsdale's K-12 education competes favorably in the Metro area, ranking considerably higher on standardized test scores than most other Metro area school districts.
- ◇ Scottsdale's general obligation bond rating is AAA by Fitch IBCA, Standard & Poor's Rating Service, and Moody's Investor. A high bond rating reflects the credit industry's faith in Scottsdale's ability to repay outstanding debt.

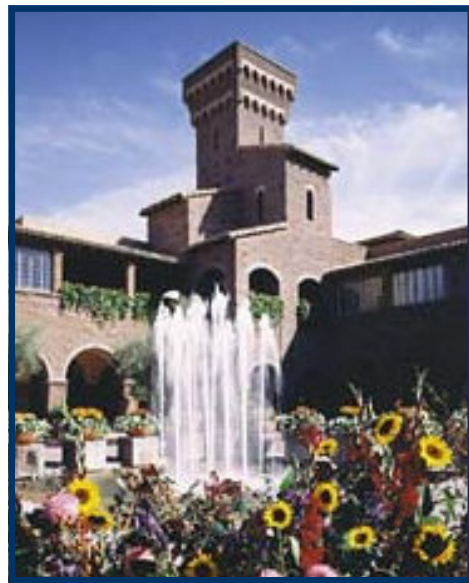
III. DEMOGRAPHIC OVERVIEW

Comparisons of population and income for Scottsdale and other major cities in the Phoenix metro area (Phoenix, Mesa, Glendale, Chandler, Tempe, Gilbert, and Peoria), as well as for the Phoenix metro area as a whole, are important because they provide a view of the entire market area and allow analysis of market area trends.

Population

Scottsdale's population rose to 242,337 in 2008, a 1.0 percent increase over 2007. Scottsdale's population made up 6.1 percent of Maricopa County's total population in 2008.

Table 1 (p. 10) and *Chart 1* (p. 11) show the growth percentages of several of the largest Phoenix metro area communities. Scottsdale grew 214 percent between 1975 and 2008. Many other suburban communities in the Metro area experienced incredibly high growth rates during the 1975-2008 period; including Gilbert (6,830 percent), Peoria (1,698 percent), Chandler (1,120 percent), Mesa (359 percent), and Glendale (273 percent). Overall, Maricopa County grew 228 percent during this 32-year period.

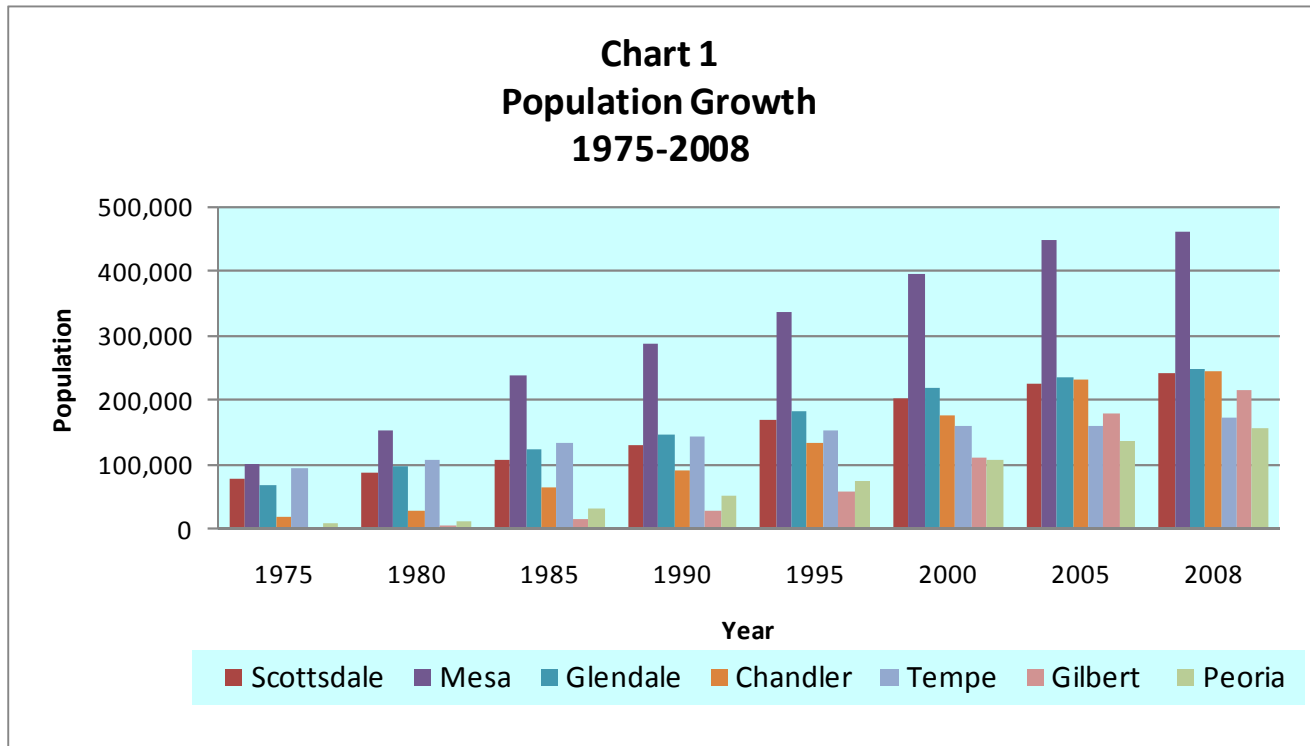


Did you know?

Scottsdale grew 86% between 1990 and 2008, compared to 59% growth in Phoenix during the same period.

Table 1 Population and Growth Rates										
	Year	Scottsdale	Phoenix	Mesa	Glendale	Chandler	Tempe	Gilbert	Peoria	Maricopa County
POPULATION GROWTH	1975	77,107	668,046	100,086	66,585	20,025	94,300	3,100	8,651	1,217,500
	1980	88,364	789,704	152,453	96,988	29,673	106,743	5,717	12,171	1,509,052
	1985	108,447	873,400	239,587	122,392	63,817	132,942	16,180	30,324	1,814,700
	1990	130,069	983,403	288,091	148,134	90,533	141,865	29,188	50,675	1,952,447
	1995	168,176	1,149,417	338,117	182,615	132,360	152,821	59,338	74,565	2,551,765
	2000	202,705	1,321,045	396,375	218,812	176,581	158,625	109,697	108,364	2,862,909
	2005	226,390	1,452,825	447,570	236,030	231,785	160,735	178,070	137,285	3,648,545
1975 - 2008 GROWTH RATES	2008	242,337	1,561,485	459,682	248,435	244,376	172,641	214,820	155,557	3,987,942
	% of Maricopa County (2008)	6.08%	39.16%	11.53%	6.23%	6.13%	4.33%	5.39%	3.90%	100.0%
	Absolute Growth	165,230	893,439	359,596	181,850	224,351	78,341	211,720	146,906	2,770,442
1990 - 2008 GROWTH RATES	% Growth	214.3%	133.7%	359.3%	273.1%	1120.4%	83.1%	6829.7%	1698.1%	227.6%
	Annual Growth	3.5%	2.6%	4.7%	4.1%	7.9%	1.8%	13.7%	9.2%	3.7%
	Absolute Growth	112,268	578,082	171,591	100,301	153,843	30,776	185,632	104,882	2,035,495
1990 - 2008 GROWTH RATES	% Growth	86.3%	58.8%	59.6%	67.7%	169.9%	21.7%	636.0%	207.0%	104.3%
	Annual Growth	3.5%	2.6%	2.6%	2.9%	5.7%	1.1%	11.7%	6.4%	4.0%

Source: Arizona Department of Commerce Estimates



Income

Scottsdale consistently has one of the highest median household income figures of any city in Arizona. The median annual household income in Scottsdale in 2005 was \$65,361, compared to the Metro area average of \$46,111.

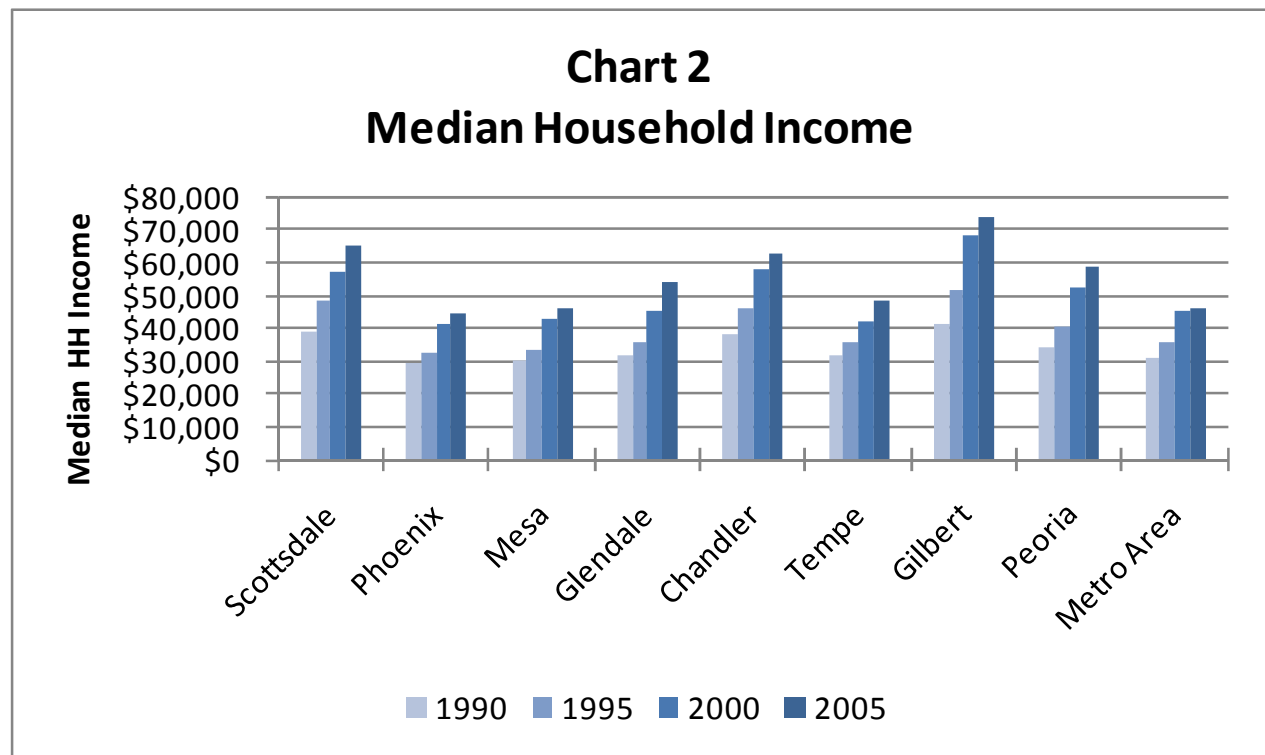
Table 2 and Chart 2 (p. 12) compare the median household income for several cities in the metro Phoenix area over a 15-year span.

Did you know?

Scottsdale consistently has one of the highest median household income figures of any city in Arizona.

Table 2 Median Household Income					
City	2005 Median Household Income	2000 Median Household Income	1995 Median Household Income	1990 Median Household Income	Growth Rate 2005 vs 1990
Scottsdale	\$65,361	\$57,484	\$48,319	\$39,037	67%
Phoenix	\$44,222	\$41,207	\$32,950	\$29,291	51%
Mesa	\$46,438	\$42,817	\$33,676	\$30,273	53%
Glendale	\$54,424	\$45,015	\$35,483	\$31,665	72%
Chandler	\$63,143	\$58,416	\$46,096	\$38,124	66%
Tempe	\$48,767	\$42,361	\$36,049	\$31,885	53%
Gilbert	\$73,960	\$68,032	\$51,660	\$41,081	80%
Peoria	\$58,742	\$52,199	\$40,820	\$34,205	72%
Metro Area	\$46,111	\$45,358	\$35,623	\$30,797	50%
Scottsdale median income is higher than Metro Area by:	42%	27%	36%	27%	

Source: Sites USA, 2000 US Census, 1995 Special US Census, 1990 US Census



IV. EMPLOYMENT OVERVIEW

Employment data—including the number of jobs in the community, the job growth rate, unemployment rates, and comparisons of job growth to labor force growth and population growth—provides a better understanding of the economic nature of a community.

Scottsdale Employment

Table 3 gives a breakdown of Scottsdale's employment by industry for 2007 and projected for 2020. "Professional & Business Services" and "Finance, Insurance, & Real Estate (FIRE)" were the largest employment categories for 2007, and they are projected to remain the largest industries in 2020. By 2020, the City of Scottsdale's private-sector employment is expected to grow by approximately 37,452 jobs (24 percent) from 2007, with varying levels of growth projected across all sectors.

Table 4 (p. 14) lists the 30 largest employers in Scottsdale, as of March 2009. Most are technology companies, retailers, resorts, insurance companies, health care organizations, educational institutions, and other service activities.

Did you know?

The City of Scottsdale has projected employment to grow by approximately 37,452 private-sector jobs, or 24%, between 2007 and 2020.

Table 3				
Scottsdale Employment by Industry and Year				
	2007		2020	
	Employment	Percent	Employment	Percent
Agriculture, Mining, & Utilities	275	0.2%	336	0.2%
Construction	10,332	6.6%	12,612	6.5%
Manufacturing	12,797	8.1%	15,340	7.9%
Wholesale Trade	5,826	3.7%	6,984	3.6%
Retail Trade	18,674	11.9%	21,674	11.1%
Transportation & Warehousing	1,704	1.1%	2,043	1.1%
Information	3,058	1.9%	3,966	2.0%
Finance, Insurance, & Real Estate	21,678	13.8%	28,090	14.4%
Professional & Business Services	34,962	22.3%	44,973	23.1%
Education & Health Services	18,880	12.0%	23,732	12.2%
Leisure & Hospitality	20,183	12.8%	24,031	12.4%
Other Services	5,621	3.6%	6,619	3.4%
Government	3,110	2.0%	4,152	2.1%
TOTAL	157,100	100.0%	194,552	100%

Source: Gruen Gruen & Associates, "Analysis & Forecast of Employment & Building Space Demand & Strategic Policy Recommendations for Greater Airport Study Area," March 2009

Table 4		
Largest Employers in Scottsdale - 2009		
Rank	Company Name	Employees
1	Scottsdale Healthcare	6,650
2	Mayo Clinic**	4,900
3	General Dynamics***	3,600
4	Scottsdale Unified School District*	3,126
5	City of Scottsdale	2,971
6	CVS - CareMark	2,048
7	Go Daddy Group	1,915
8	The Vanguard Group	1,899
9	Troon Golf LLC	1,539
10	Scottsdale Insurance Company	1,400
11	Fairmont Resort	1,000
13	Dial Corporation	700
14	Desert Mountain Properties	650
15	United Blood Services	647
12	Coventry Health Care	631
16	The Boulders Resort	620
17	USPS - Scottsdale	595
18	Hyatt Regency at Gainey Ranch	583
19	Pulte Homes	545
20	Nordstrom	500
21	JDA Software Group	451
22	Wal-Mart	450
23	McKesson	450
24	Scottsdale Medical Imaging	380
25	Taser	355
26	Sage Software	350
27	Costco	313
28	Scottsdale Conference Resort*	312
29	Hotel Valley Ho	305
30	Dillard's	290

Source: City of Scottsdale, Economic Vitality Department

* = Full-time equivalent (FTE) employees, as of Jan/Feb 2009

** = Includes all Mayo Clinic employees in Metro Phoenix

*** = Includes all employees that report to Scottsdale site

Job Growth versus Labor Force Growth and Population Growth

One method of measuring the economic vitality of a city is to compare job growth with labor force growth rates and overall population growth rates. Between 1990 and 2005, Scottsdale experienced a 63 percent increase in job growth (jobs physically located within the City), compared to the Metro area's overall job increase of 66 percent. During the same time period, Scottsdale's labor force (persons between 18 and 65 years of age who live in the city and who are employed or actively seeking employment) grew by 82 percent, and its population grew by 74 percent. In 2005, there were more jobs located in Scottsdale than there were laborers (1.09 jobs per Scottsdale resident in the labor force), a trend that has existed for the past 20 years. In contrast, the Phoenix metro area (Maricopa County) had a ratio of jobs to labor force of 0.93 to 1 in 2005.

Table 5 (p. 16) compares the rates of job growth with the growth rates of the labor force and the overall population.

Did you know?

Historically, Scottsdale was thought of as a bedroom community for Phoenix; however, for nearly 20 years it has been the one of the greatest net importers of labor in the Metro area.



Table 5 Job Growth, Labor Force Growth, and Population Growth			
	Year	Scottsdale	Maricopa County
JOB GROWTH	1990	88,967	1,027,007
	1995	118,551	1,276,057
	2000	126,918	1,454,181
	2005	145,034	1,702,100
	<i>% Change 1990 - 2005</i>	63%	66%
LABOR FORCE GROWTH	1990	72,793	1,074,542
	1995	90,579	1,308,729
	2000	103,407	1,489,292
	2005	132,788	1,827,169
	<i>% Change 1990 - 2005</i>	82%	70%
POPULATION GROWTH	1990	130,069	2,122,101
	1995	168,176	2,551,765
	2000	202,705	3,072,149
	2005	226,390	3,681,300
	<i>% Change 1990 - 2005</i>	74%	73%
Ratio of Jobs to Labor Force (2005):		1.09 to 1	0.93 to 1

Source: Arizona Workforce Informer; City of Scottsdale Economic Vitality Department

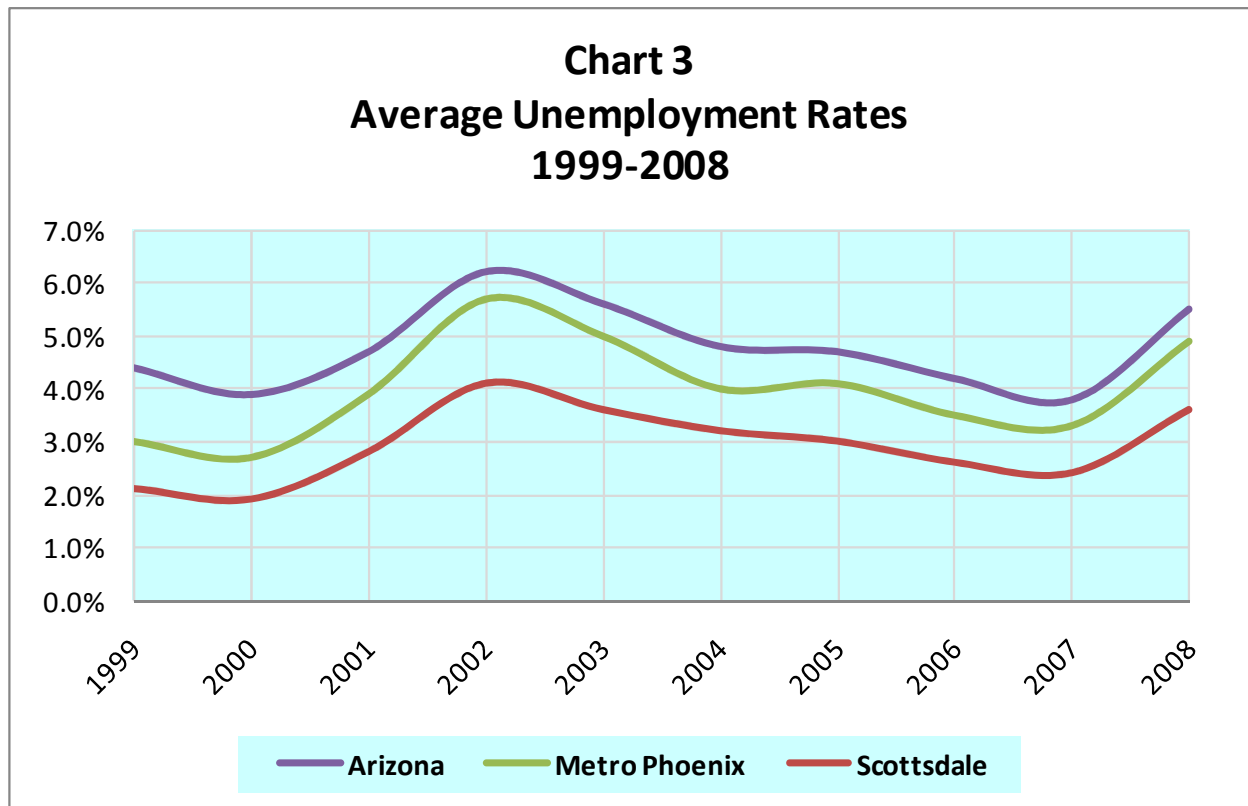
Unemployment Rates

Scottsdale's unemployment rate moves in parallel with that of metro Phoenix and Arizona, but has historically been consistently lower than both. *Table 6* and *Chart 3* reflect this trend.

Between 1999 and 2008, Scottsdale's average unemployment rate ranged from a high of 4.1 percent in 2002, to a low of 1.9 percent in 2000. Through September, the average unemployment for Scottsdale in 2009 was 5.6 percent—on pace to be a new high—with rates for Arizona and metro Phoenix at 8.3 and 7.7 percent, respectively.

Table 6 Average Annual Unemployment Rates			
Year	Scottsdale	Metro Phoenix	Arizona
1999	2.1%	3.0%	4.4%
2000	1.9%	2.7%	3.9%
2001	2.8%	3.9%	4.7%
2002	4.1%	5.7%	6.2%
2003	3.6%	5.0%	5.6%
2004	3.2%	4.0%	4.8%
2005	3.0%	4.1%	4.7%
2006	2.6%	3.5%	4.2%
2007	2.4%	3.3%	3.8%
2008	3.6%	4.9%	5.5%

Source: Arizona Workforce Informer



Employment Summary

While unemployment has risen throughout the state and country—including in Scottsdale—Scottsdale remains well-positioned for employment growth as the economy recovers. The broad range of industries that in Scottsdale provides the foundation for a diverse and vibrant economy. It is this strong and diverse employment base that has consistently kept Scottsdale's unemployment rate well below that of the Phoenix Metro Area, the state, and the country.

Did you know?

The Phoenix metro area employment increased by almost 21,400 in 2008.

Source: Arizona Workforce Informer

Table 7 shows select companies the City assisted in relocating or expanding in Scottsdale in Fiscal Year 2008/2009.

Table 7		
Companies Relocating/Expanding in Scottsdale*		
<i>Fiscal Year 2008/2009</i>		
Company Name	# of Employees	Type of Business
Stirling Energy	140	Solar Tech/ Corp. HQ
Go Daddy Group	100	Info Tech/ Corp. HQ
NightHawk Radiology	75	Medical/ Corp. HQ
Allviant	20	Software/ Corp. HQ
Laser Spine Institute	20	Medical
Advent Solar	6	Solar Tech/ R&D
Techba	3	Tech/ Entrepreneurship
Total	364	-

Source: City of Scottsdale, Economic Vitality Department

* This list represents successful new targeted businesses which announced new locations in Scottsdale during the fiscal year (July 1 - June 30), which were assisted by the City of Scottsdale. It does not represent all new employers in Scottsdale or all companies assisted through a variety of economic vitality services.

V. NEW CONSTRUCTION

Scottsdale is a leader in the Metro area in terms of new construction, with significantly higher building permit valuations than expected for a city of its size. For the purposes of this study, trends in new construction activity are measured by the number and value of building permits.

Number of Residential Building Permits

The total number of residential building permits issued in Scottsdale has been steadily declining over the last ten years, primarily due to the City approaching residential build out and more recently due to the economic slowdown.

A total of 646 residential permits were issued in Scottsdale in FY2008/09, made up of 586 single family permits (including remodels and additions) and 60 multi-family units permitted. The number of permits issued in Scottsdale has seen a declining trend over the last 10 years, and the trend has accelerated as the city is approaching build out. Instead of large tracts of development, custom and semi-custom homes have been the norm. The recent housing bubble hit Metro Phoenix

especially hard, and the construction of single-family homes has declined across the valley significantly. The slowing national economy—especially in the real estate market—has exacerbated the decline of building permits throughout the country.

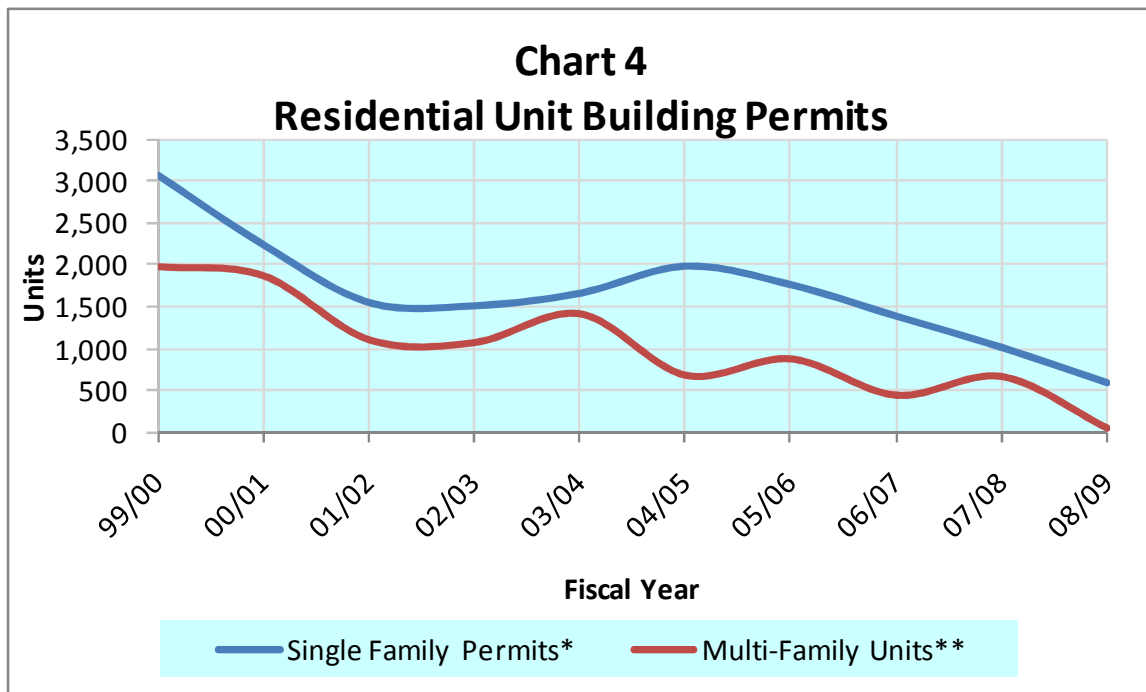
Table 8 and *Chart 4* (p. 20) summarize the number of residential unit permits issued in Scottsdale over the past 10 years.

Table 8			
Residential Unit Building Permits			
Fiscal Year	Single Family Permits*	Multi-Family Units**	Total
99/00	3,075	1,988	5,063
00/01	2,241	1,878	4,119
01/02	1,550	1,114	2,664
02/03	1,512	1,082	2,594
03/04	1,663	1,424	3,087
04/05	1,987	692	2,679
05/06	1,765	886	2,651
06/07	1,386	453	1,839
07/08	1,011	675	1,686
08/09	586	60	646

Source: City of Scottsdale, Planning & Development, One Stop Shop

* = Includes all permits, including remodels and additions.

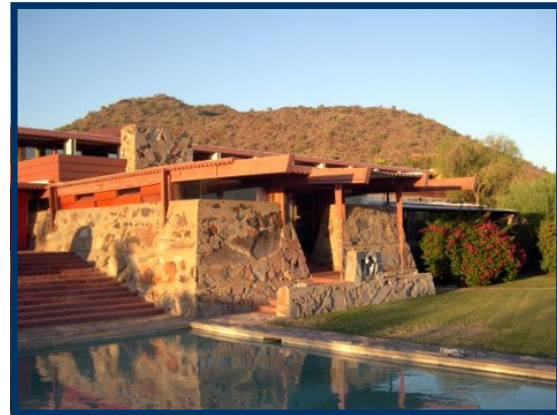
** = Counts all *units* accounted for by a permit.



Value of Building Permits

The total value of all building permits granted in Scottsdale in 2008 was just under \$650 million. This represents a significant decrease due primarily to Scottsdale's approaching build-out and the broader economic slowdown. The recession's impact on building permits in Maricopa County is clearly evident, as the total value of building permits has halved since the 2005 peak.

Table 9 and Chart 5 (p. 21) compare Scottsdale's percentage of permit values and population to that of the Phoenix metro area. Scottsdale receives a greater percentage of new construction than would be expected for a city of its size. Over the last ten years, Scottsdale's building permit valuation, as a percentage of the total for the Metro area, has been in the range of 8-17 percent. In 2008, Scottsdale issued 12.3 percent of the Phoenix metro area's building permit valuations.



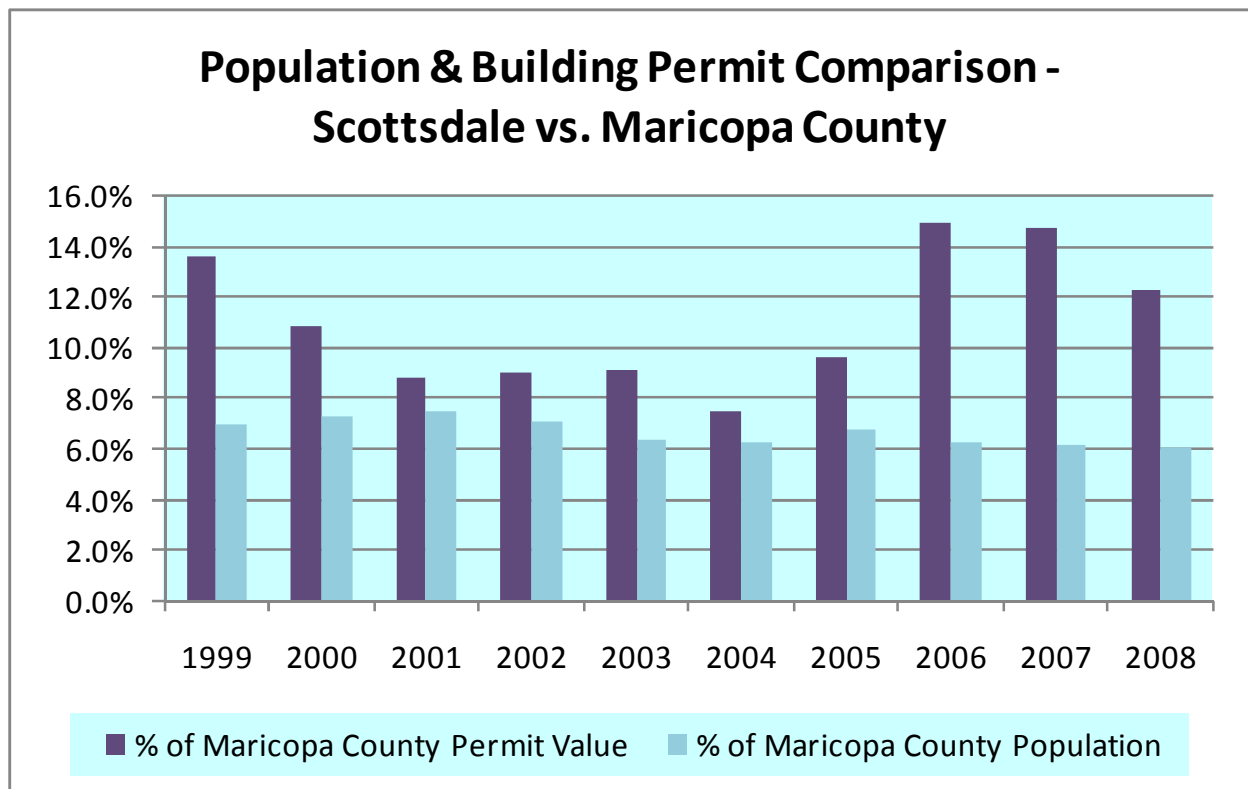
Did you know?

Scottsdale issued 12.3% of the Phoenix metro area's building permit valuations in 2008.

Table 9 Value of Building Permits: 1999 - 2008			
Calendar Year	Scottsdale	Maricopa County	Scottsdale's % of County
1999	\$1,130,304,322	\$8,324,511,000	13.6%
2000	\$939,402,365	\$8,665,613,000	10.8%
2001	\$820,362,000	\$9,332,597,000	8.8%
2002	\$610,594,653	\$6,751,142,000	9.0%
2003	\$637,735,176	\$7,039,184,000	9.1%
2004	\$771,213,608	\$10,241,935,000*	7.5%*
2005	\$1,051,231,416	\$10,920,837,000	9.6%
2006	\$1,258,515,177	\$8,427,155,000	14.9%
2007	\$1,166,708,287	\$7,928,095,000	14.7%
2008	\$649,548,404	\$5,275,903,000	12.3%

Source: City of Scottsdale, Planning & Development; Maricopa County Department of Finance; AZ Real Estate Center

*Source for county data changed to ASU's Arizona Real Estate Center in 2004



VI. VACANCY RATES

Table 10 (p. 23) and *Table 11-A* and *Table 11-B* (pp. 24 and 25) present commercial vacancy rates for various areas of the metro Phoenix area from 2002-2008. The data is broken down into submarkets of the Metro area that do not necessarily correspond to specific city boundaries; the Scottsdale submarket includes portions of surrounding municipalities. Nevertheless, the data identifies general trends.

Office

The total vacancy rate for the Scottsdale office submarket in 2008 was 24.5 percent, a significant increase from 16.4 percent in 2007. This is slightly above the general metro market vacancy rate of 21.8 percent.

As of the third quarter 2009, Scottsdale's office vacancy rate had climbed to 31.2 percent—slightly higher than the metro average.

Overall, Scottsdale holds almost 14.8 million square feet of office space with 80,000 square feet of office space under construction as of third-quarter 2009.

Retail

The overall vacancy rate in the Scottsdale retail market in 2008 was 6.3 percent. Net absorption of retail space in metro Phoenix decreased from 2007, with 2.6 million square feet absorbed. The slowing housing market has negatively affected some retail developments—especially strip centers on the fringe areas of the metro area—but the continued population growth indicates a positive trend in the long term. Just under 2.9 million square feet of retail space was under construction in metro Phoenix as of year end 2008, a significant decrease from 7.8 million square feet under construction at year-end 2007.

Industrial

The Scottsdale Airpark, the industrial base for Scottsdale and Northeast Phoenix (east of State Route 51), experienced significant construction and in-fill activity in 2008. Scottsdale's industrial occupancy rates as of third-quarter 2009 are on par with the metro area, with a total average rate of about 14.8 percent.

The Scottsdale industrial market was reclassified by Grubb & Ellis in 2007, with the Scottsdale Airpark broken out individually for analysis. Overall, the total Scottsdale industrial inventory for year-end 2008 was about 12 million square feet, with no additional square footage under construction as of third-quarter 2009.

Table 10
Commercial Vacancy Rates
Metropolitan Phoenix

Office Submarkets							
	2002	2003	2004*	2005*	2006*	2007*	2008*
Downtown Phoenix	15.7%	14.0%	-	-	-	-	-
Camelback Corridor	18.8%	18.8%	-	-	-	-	-
East Phoenix	19.9%	25.4%	-	-	-	-	-
Freeway/Tempe	22.1%	18.0%	-	-	-	-	-
Mesa/Chandler	21.0%	20.0%	-	-	-	-	-
Northeast Phoenix	25.3%	14.4%	-	-	-	-	-
Scottsdale	21.0%	15.1%	-	-	-	-	-
Uptown Phoenix	23.9%	26.3%	-	-	-	-	-
West Phoenix	26.3%	23.7%	-	-	-	-	-
Total	21.5%	20.5%	-	-	-	-	-

**SEE EXPANDED
LISTING ON
NEXT PAGE**

* = New office submarket classifications. Refer to Table 11 - A

Retail Submarkets							
	2002	2003	2004*	2005	2006	2007	2008
Central Phoenix	7.8%	4.6%	3.1%	4.8%	3.3%	7.0%	8.8%
Chandler/Gilbert	6.1%	4.6%	4.1%	5.5%	5.1%	6.8%	6.3%
Mesa	7.4%	6.0%	6.2%	6.3%	7.7%	8.2%	9.4%
North Central Phoenix	3.7%	6.7%	7.2%	5.6%	5.9%	6.9%	8.5%
Northwest Phoenix	9.3%	5.3%	5.3%	5.3%	5.6%	7.0%	10.0%
Scottsdale	5.4%	6.8%	5.0%	4.3%	6.7%	4.7%	6.3%
South Phoenix	16.7%	2.1%	7.2%	7.6%	3.7%	4.2%	7.8%
Tempe	7.9%	5.8%	4.7%	3.9%	4.2%	4.4%	7.9%
West Phoenix	10.1%	8.9%	4.8%	4.3%	4.9%	8.4%	11.8%
Total	7.3%	5.9%	5.1%	5.2%	5.6%	6.8%	8.7%

* = Second half of 2004

Industrial Submarkets							
	2002	2003	2004*	2005*	2006*	2007**	2008**
Black Canyon	7.4%	7.7%	6.0%	5.1%	3.1%	-	-
Chandler	8.5%	9.7%	11.4%	7.3%	6.7%	-	-
Glendale	4.7%	4.3%	2.3%	1.8%	3.8%	-	-
Mesa/Gilbert	15.7%	14.4%	8.3%	7.3%	7.3%	-	-
Northwest Phoenix	8.0%	9.9%	16.4%	6.8%	9.4%	-	-
Scottsdale/NE Phoenix	8.6%	10.3%	8.4%	13.8%	12.1%	-	-
Sky Harbor Airport	11.8%	12.1%	12.5%	7.1%	4.9%	-	-
Southwest Phoenix	15.9%	16.8%	15.7%	10.2%	7.9%	-	-
Tempe	11.8%	11.0%	10.1%	8.5%	6.9%	-	-
West Central Phoenix	8.5%	7.6%	9.3%	5.5%	4.0%	-	-
Total	11.0%	11.1%	10.9%	7.7%	6.5%	-	-

* = fourth quarter

** = New industrial submarket classifications. Refer to Table 11 - B

Source: Grubb & Ellis Market Trends reports

SEE PAGE 25

Table 11 - A Commercial Office Vacancy Rates Metropolitan Phoenix					
Current Office Submarkets					
Submarket	2004*	2005*	2006*	2007*	2008*
Downtown Phoenix North	24.9%	20.5%	14.9%	14.6%	16.0%
Downtown Phoenix South	12.8%	7.9%	5.5%	9.8%	12.5%
44th Street Corridor	19.5%	14.9%	11.8%	14.0%	27.1%
Sky Harbor Airport Area	23.0%	14.0%	8.6%	8.8%	18.7%
Camelback Corridor	18.3%	12.2%	11.8%	13.1%	17.8%
Chandler/Gilbert	28.2%	4.6%	8.9%	3.7%	33.7%
Deer Valley/Airport	9.1%	14.5%	16.2%	21.7%	20.0%
Glendale	12.0%	6.8%	53.2%	36.6%	53.3%
Mesa Downtown	20.5%	3.5%	4.0%	4.4%	10.8%
Mesa East	19.6%	32.7%	30.7%	17.0%	30.8%
Midtown Phoenix	18.8%	15.9%	14.5%	18.9%	13.6%
NW Phoenix	17.6%	16.5%	14.5%	17.6%	20.8%
N Phoenix/Desert Ridge	14.2%	21.7%	9.5%	25.9%	37.5%
Scottsdale Airpark	16.5%	9.6%	14.5%	19.8%	24.4%
Scottsdale North	13.0%	13.9%	14.8%	15.4%	28.8%
Scottsdale South	20.3%	17.2%	7.0%	11.1%	18.3%
Squaw Peak Corridor	17.5%	16.0%	12.5%	11.3%	17.5%
Sun City	11.3%	4.0%	28.8%	29.2%	25.8%
Superstition Corridor	14.5%	9.6%	11.7%	18.8%	27.3%
Tempe	12.2%	11.0%	8.6%	15.4%	21.4%
Tempe/South Chandler	16.0%	14.1%	4.0%	19.0%	22.4%
West Phoenix	44.2%	46.8%	40.4%	30.1%	45.9%
Total	17.8%	14.5%	12.7%	15.6%	21.8%

Source: Grub & Ellis Market Trends reports

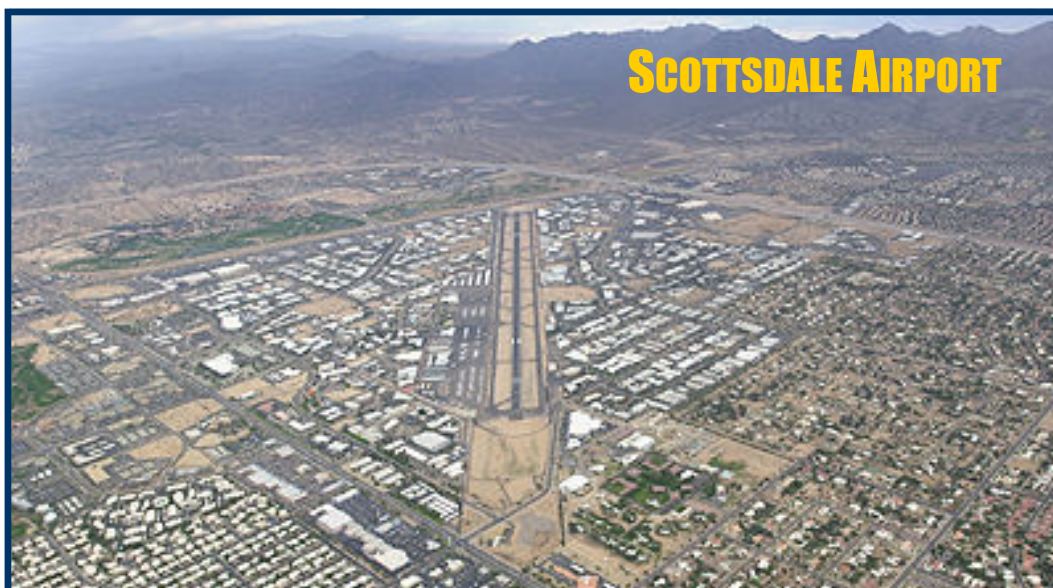
* = fourth quarter

Table 11 - B
Industrial Vacancy Rates
Metropolitan Phoenix

<i>Current Industrial Submarkets</i>		
Submarket	2007*	2008*
Black Canyon	10.4%	10.8%
Central Phoenix	8.3%	9.0%
Chandler	4.6%	12.9%
Deer Valley	7.4%	9.4%
East Mesa	15.4%	26.1%
Gilbert	5.2%	10.9%
Glendale	27.4%	50.7%
Grand Ave	5.8%	6.4%
North Glendale	15.9%	37.0%
Pinal	13.9%	11.9%
Scottsdale	8.4%	7.9%
Scottsdale Airpark	10.9%	12.4%
Sky Harbor Airport	6.8%	9.1%
Southwest Phoenix	12.6%	21.5%
Tempe	7.9%	9.5%
West Central Phoenix	5.5%	6.3%
West Mesa	5.0%	17.9%
Total	8.4%	13.0%

Source: Grub & Ellis Market Trends reports

* = fourth quarter



VII. ASSESSED VALUATION / PROPERTY TAX

Assessed valuation (the total value of property and improvements) is an excellent measure of the economic health and vitality of a community. It also provides the basis for computation of property tax.

Growth in Assessed Valuation

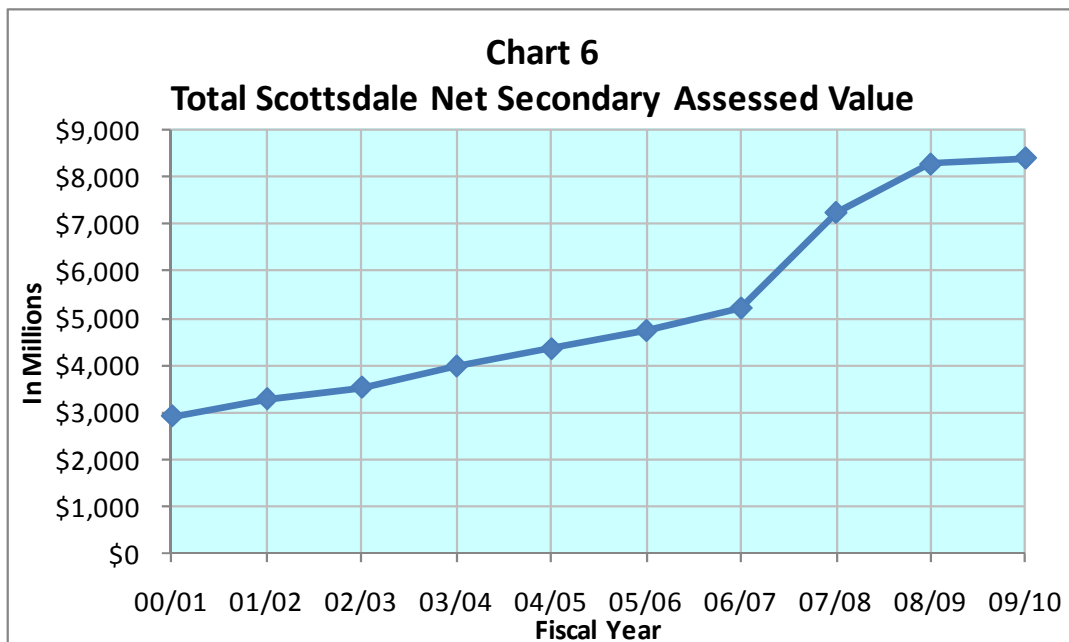
The secondary assessed valuation of property in Scottsdale has risen from \$2.9 billion in FY00/01 to \$8.3 billion for FY09/10. Steady increases in assessed valuation reflect a healthy, stable valuation environment, coupled with new construction activity.

Table 12 and Chart 6 provide a view of assessed valuation in Scottsdale from FY00/01 to FY09/10.

Table 12 Secondary Assessed Valuation City of Scottsdale		
Fiscal Year	<u>NET</u> Secondary Assessed Valuation	Percent Change
00/01	\$2,915,380,797	17.3%
01/02	\$3,277,950,767	12.4%
02/03	\$3,526,604,612	7.6%
03/04	\$3,975,522,083	12.7%
04/05	\$4,343,454,311	9.3%
05/06	\$4,731,052,568	8.9%
06/07	\$5,209,444,390	10.1%
07/08	\$7,243,823,225	39.1%
08/09	\$8,272,416,830	14.2%
09/10	\$8,406,000,741	1.6%
% Change FY00/01 - FY09/10		188.3%

Source: Arizona Department of Revenue

Notes: Arizona secondary assessed valuations reflect the "full cash" value of property; there are no restrictions on the growth rate of the values. As a comparison, primary assessed valuations are restricted in their growth rate. Secondary assessed valuations are used in this study, as they more accurately reflect actual market conditions. Assessed values for 99/00 & 00/01 may vary slightly from previous years' reports.



Assessed Value Comparison

Table 13, Table 14 (p. 28) and Chart 7 (p. 28) present a comparison of total assessed value per capita since FY00/01 for the City of Scottsdale and for Maricopa County. Scottsdale's assessed value per capita has been higher than the Maricopa County average for well over ten years. Not only is Scottsdale's figure double that of the rest of the Metro area, it has increased at a faster rate than its population. As previously noted, Scottsdale has become a major regional employment center with more commercial growth than residential growth. This commercial growth helps strengthen the economic base of the community and cushions the community from future economic downturns.

Table 13
Secondary Assessed Valuation
(in millions*)

Fiscal Year	City of Scottsdale	Maricopa County
00/01	\$2,915	\$20,878
01/02	\$3,278	\$22,913
02/03	\$3,527	\$25,457
03/04	\$3,976	\$27,478
04/05	\$4,343	\$30,067
05/06	\$4,731	\$33,197
06/07	\$5,209	\$36,295
07/08	\$7,244	\$49,535
08/09	\$8,272	\$58,304
09/10	\$8,406	\$57,984

Source: Maricopa County Finance Department;
Arizona Department of Revenue

* Based on total net secondary assessed valuation figures.

Did you know?

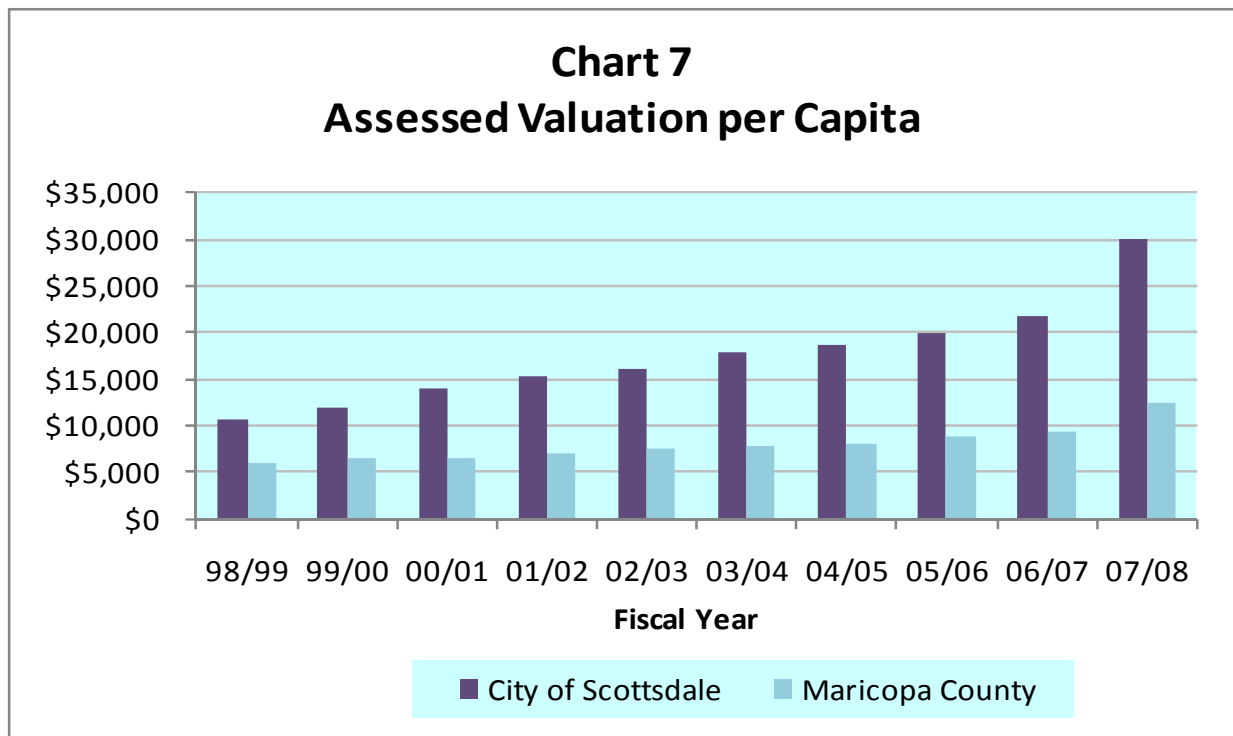
Scottsdale has become a regional employment center with more commercial growth than residential growth. Commercial growth helps strengthen the economic base of the community and cushions the community during economic downturns.



Table 14 Secondary Assessed Valuation Per Capita*		
Fiscal Year	City of Scottsdale	Maricopa County
98/99	\$10,754	\$5,991
99/00	\$11,966	\$6,410
00/01	\$13,884	\$6,540
01/02	\$15,311	\$6,951
02/03	\$16,172	\$7,474
03/04	\$17,912	\$7,767
04/05	\$18,528	\$8,167
05/06	\$19,952	\$8,753
06/07	\$21,693	\$9,289
07/08	\$29,892	\$12,421

Source: City of Scottsdale; Maricopa County Finance Department; Arizona Department of Revenue

* Based on total net secondary assessed valuation figures as established by Maricopa County. Figures may vary slightly from previous years reports.



Property Tax Comparison

Table 15 compares the overall property tax rates and an approximation of annual property tax bills for similarly valued properties in Scottsdale and other major communities in the Phoenix metro area.

On average, the property tax rates in other Metro area cities are approximately 26.5 percent higher than in Scottsdale. That translates into an annual savings of about \$113,276 on a \$20,000,000

commercial building, and a savings of \$1,030 on a \$400,000 single-family residence. Because of Scottsdale's strong economic base and relatively high property value, property tax rates on local residents and businesses are significantly lower than in other cities, while city service levels remain high.

Table 15 Property Tax Comparison* - 2009 Average Annual Property Tax Rate					
City	School District	Total Tax Rate	Variance from Scottsdale	\$400,000 Single Family House**	\$20,000,000 Commercial Building**
Scottsdale	Scottsdale 48	\$7.15	-	\$2,860	\$314,648
Phoenix	Phoenix 1	\$10.83	3.6771	\$4,331	\$476,441
	Wilson 7	\$12.56	5.4085	\$5,024	\$552,622
	Osborn 8	\$10.30	3.1530	\$4,122	\$453,380
	Creighton 14	\$9.58	2.4331	\$3,834	\$421,705
	Balsz 31	\$10.17	3.0189	\$4,068	\$447,480
	Madison 38	\$9.91	2.7596	\$3,964	\$436,071
	Paradise Valley 69	\$9.06	1.9092	\$3,624	\$398,653
	Deer Valley 97	\$8.93	1.7833	\$3,574	\$393,114
Tempe	Tempe 3	\$9.53	2.3766	\$3,811	\$419,219
Mesa	Mesa 4	\$7.84	0.6923	\$3,137	\$345,110
Glendale	Glendale 40	\$10.81	3.6591	\$4,324	\$475,649
Chandler	Chandler 80	\$8.29	1.1393	\$3,316	\$364,778
Gilbert	Gilbert 41	\$8.82	1.6644	\$3,526	\$387,882
Peoria	Peoria 11	\$9.52	2.3679	\$3,808	\$418,836
Average:		\$9.73	2.5745	\$3,890	\$427,924

Source: Maricopa County Department of Finance "2009 Tax Rates Maricopa County, Arizona"

* Includes County, Community College, City, School District, County-wide Special Districts, County Education Districts, Special Healthcare, and (where applicable) EVIT or WESTMEC. Does NOT include Community Facility Districts, where applicable.

Total tax rates are applied per \$100 of the total assessed value.

The main school district in each community was used for comparison.

NOT included in this analysis is the Homeowner's Rebate. Pursuant to ARS 15-972, the tax rate levied by school districts is reduced for homeowners, not to exceed \$500, through the rebate.

** Residential properties are given an assessed value of 10% of market value for property tax purposes. Commercial properties are assessed for 09/10 at 22%, but this rate will drop by 1% per year until it reaches 20%.

VIII. SALES TAX COLLECTIONS

Sales tax collections are very important to Scottsdale because the City receives a far greater percentage of revenue from sales taxes than from other revenue sources.

Growth in Adjusted Sales Tax Collections

After rising at a rapid rate for years, Scottsdale's sales tax collections have fallen significantly with the economic downturn, falling from a peak of \$179.0 million in FY06/07 to \$139.4 million in FY08/09—a reduction of 22.1% from FY07/08. This drop reflects both the weakened national economy along with the departure of several auto dealerships during this period.

Table 16 shows the growth in Scottsdale's sales tax collections from FY99/00 through FY08/09. The percent change column has been adjusted on a 1% basis to account for changes in the tax rate.

Table 16		
Scottsdale Sales Tax Collections		
<i>*(compared on an adjusted 1% rate basis)</i>		
Fiscal Year	Total Collections (in thousands)	% Change*
99/00	\$109,010	10.9%
00/01	\$113,440	4.1%
01/02	\$111,409	-1.8%
02/03	\$110,649	-0.7%
03/04	\$120,213	8.6%
04/05	\$152,223	7.4%
05/06	\$170,410	11.9%
06/07	\$178,995	5.0%
07/08	\$170,246	-4.9%
08/09	\$139,380	-22.1%

Source: City of Scottsdale, Tax Audit Department

Sales Tax Collection Comparisons

Table 17 (p. 31) presents each of the major Metro area cities' sales tax collections since FY97/98. Tax rates have changed for each city in the last decade.

- ◇ The City of Scottsdale's sales tax rate was raised from 1.4% to 1.65% in July 2004.
- ◇ Phoenix's sales tax rate rose from 1.3 to 1.4% in November 1998; as of June 2000, it rose to 1.8%. In 2007, voters approved an increase to 2.0%.
- ◇ Tempe's sales tax has been 1.8% since January 2001.
- ◇ Mesa's sales tax rate was 1.0% until August 1998, when it increased to 1.5%. The rate was increased to 1.75% in 2006/07.
- ◇ Chandler's tax rate has been 1.5% since May 1994.
- ◇ Glendale's sales tax rate increased from 1.8 to 2.2% in November 2007.
- ◇ Gilbert's sales tax rate has been 1.5% since sales tax revenue began to be recorded in FY99/00.
- ◇ Peoria's sales tax rate was 1.5% since sales tax revenue began to be recorded in FY99/00; and, as of January 2006, it climbed to 1.8%.

Sales Tax Collection Comparisons (continued)

Scottsdale and Tempe lead all other cities in Metro Phoenix in per capita sales and use tax collections by a substantial margin, as reflected in *Table 18* and *Chart 8* (p. 32).

Since FY98/99, strong increases in sales tax collections occurred in many Valley communities for a variety of reasons, including population growth and housing construction. The per capita sales tax comparison (*Table 18*, p. 32) shows population growth in a number of Valley communities offsetting gains in sales tax revenues. During the current economic downturn, overall and per capita sales tax collections for cities have slowed or fallen slightly.

Beginning in FY1998/99, sales tax revenue calculations in this report were changed to reflect sales tax revenues collected exclusively for the General Fund. The reason for this change was to be able to compare all cities' sales tax revenues on the same basis. It was a substantial change for the Phoenix sales tax revenues because, in prior years, revenue that went to other funds was included in the total sales tax revenue figures.

Table 17
Total Sales Tax Collections (in millions)

Fiscal Year	Scottsdale	Phoenix	Mesa	Glendale	Chandler	Tempe	Gilbert	Peoria
98/99	\$98.28	\$335.72	\$98.11	\$40.01	\$42.28	\$57.50	\$13.92	\$25.00
99/00	\$109.01	\$375.19	\$105.35	\$43.59	\$45.29	\$60.50	\$15.34	\$29.17
00/01	\$113.44	\$480.51	\$102.72	\$44.39	\$52.57	\$98.90	\$26.00	\$33.62
01/02	\$111.41	\$477.04	\$101.66	\$52.58	\$54.76	\$111.54	\$29.51	\$33.71
02/03	\$110.65	\$478.60	\$98.43	\$63.83	\$60.33	\$112.72	\$29.65	\$35.93
03/04	\$120.21	\$504.33	\$105.10	\$74.76	\$66.40	\$120.08	\$34.97	\$40.58
04/05	\$152.22	\$571.03	\$112.26	\$77.17	\$75.62	\$131.26	\$43.16	\$45.54
05/06	\$170.41	\$674.98	\$128.37	\$90.97	\$89.39	\$145.11	\$49.20	\$61.16
06/07	\$179.00	\$705.53	\$155.82	\$97.83	\$95.41	\$157.49	\$57.70	\$68.87
07/08	\$170.25	\$702.24	\$147.76	\$105.18	\$97.23	\$150.69	\$56.98	\$68.47

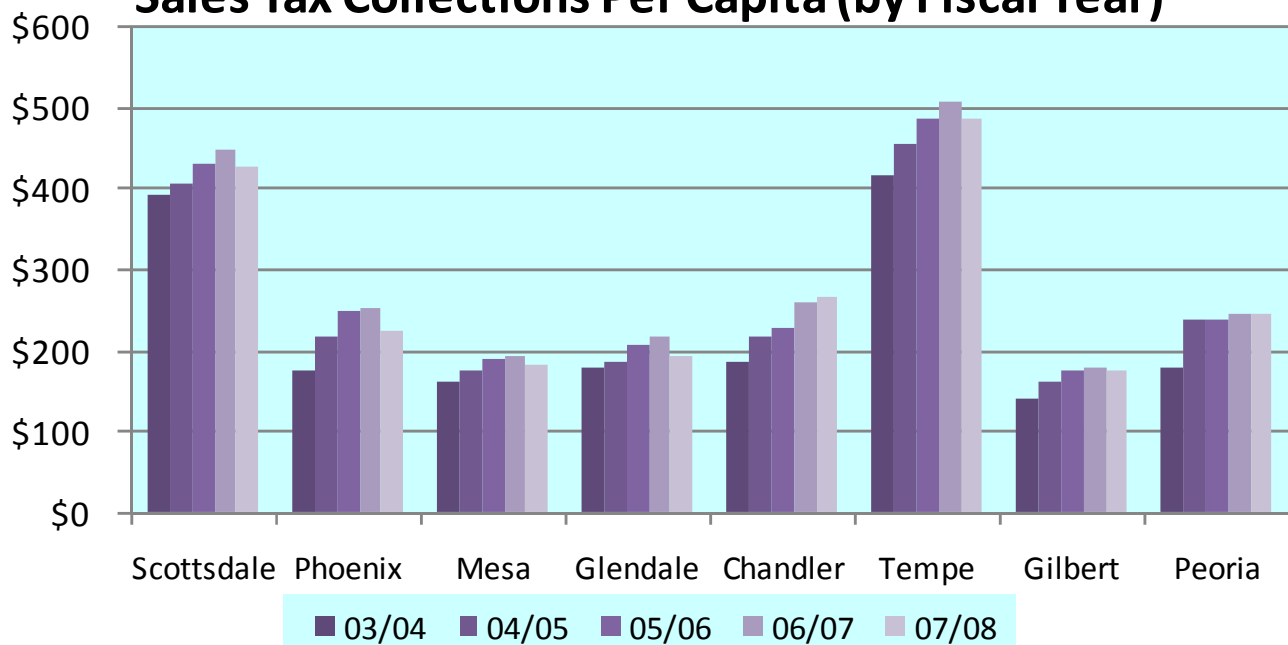
Source: City of Scottsdale, Economic Vitality Department

Table 18
Sales Tax Collections Per Capita
(General Fund collections adjusted to 1%)

Fiscal Year	Scottsdale	Phoenix	Mesa	Glendale	Chandler	Tempe	Gilbert	Peoria
98/99	\$339	\$140	\$121	\$144	\$148	\$298	n/a	n/a
99/00	\$380	\$100	\$121	\$156	\$167	\$220	\$96	\$190
00/01	\$400	\$184	\$172	\$101	\$173	\$346	\$134	\$220
01/02	\$380	\$184	\$165	\$144	\$188	\$389	\$151	\$249
02/03	\$370	\$195	\$154	\$156	\$199	\$392	\$129	\$174
03/04	\$392	\$176	\$162	\$178	\$185	\$415	\$141	\$179
04/05	\$407	\$218	\$175	\$187	\$218	\$454	\$162	\$240
05/06	\$432	\$248	\$191	\$207	\$227	\$486	\$177	\$238
06/07	\$448	\$252	\$194	\$219	\$260	\$507	\$179	\$246
07/08	\$426	\$225	\$184	\$192	\$265	\$485	\$177	\$245

Source: City of Scottsdale, Economic Vitality Department

Chart 8
Sales Tax Collections Per Capita (by Fiscal Year)



IX. OTHER INDICATORS

Two factors that have tremendous importance to the Scottsdale economy are tourism and education. Tourism generates millions of dollars in economic activity in the City each year. Quality education also has enormous economic impact, although more indirect than tourism. Education affects the quality of the workforce in a community, thereby attracting businesses—and investment—to the City.

Growth in Tourism

The tourism industry is a very important part of economic activity in the City of Scottsdale, generating over \$3.6 billion in total economic activity within the community in 2008, the most recent data available.

Smith Travel Research reported Scottsdale's 2008 occupancy was 61.0 percent, and the average room rate was \$172.26. The average room rate had risen significantly over the last six years, reaching its highest level in the last ten years. However, occupancy rates and room rates have declined over the last couple of years concurrent with the economic downturn. Downward pressure on room rate and occupancy is expected to continue through at least 2010.

Bed tax revenues totaled \$9.3 million in 2008, a 4.8 percent decrease from 2007. Over the past ten years, total bed tax collections (3 percent of room revenues) have risen by 40 percent. Tourism is a significant source of revenue for the City of Scottsdale's budget and operations.

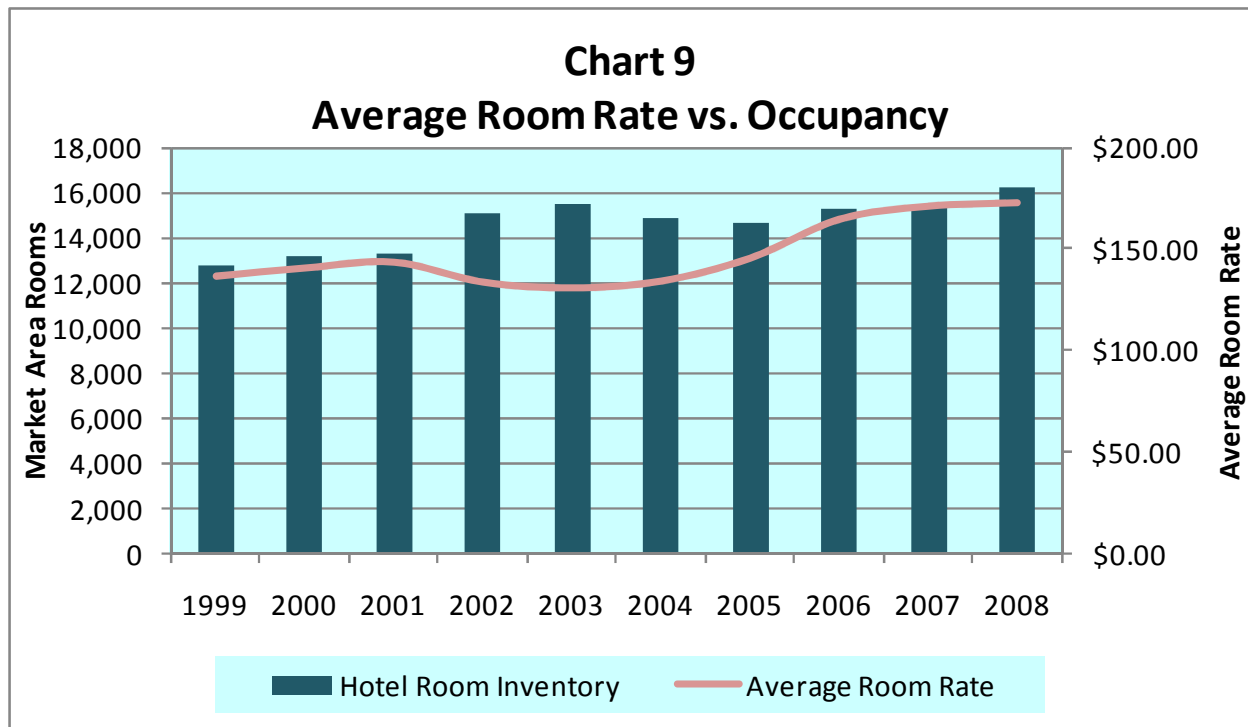
Chart 9 (p. 34) shows the average room rate versus the occupancy in the Scottsdale/Paradise Valley market area over a 10-year span.

Table 19 (p. 35) presents the growth in tourism (number of hotel rooms, average room rate, average occupancy, and bed tax collections) in Scottsdale/Paradise Valley over the past decade.

Chart 10 (p. 35) shows Scottsdale's bed tax collections from 1999 to 2008.

Did you know?

Tourism is a significant source of revenue for the City of Scottsdale's operations and budget.



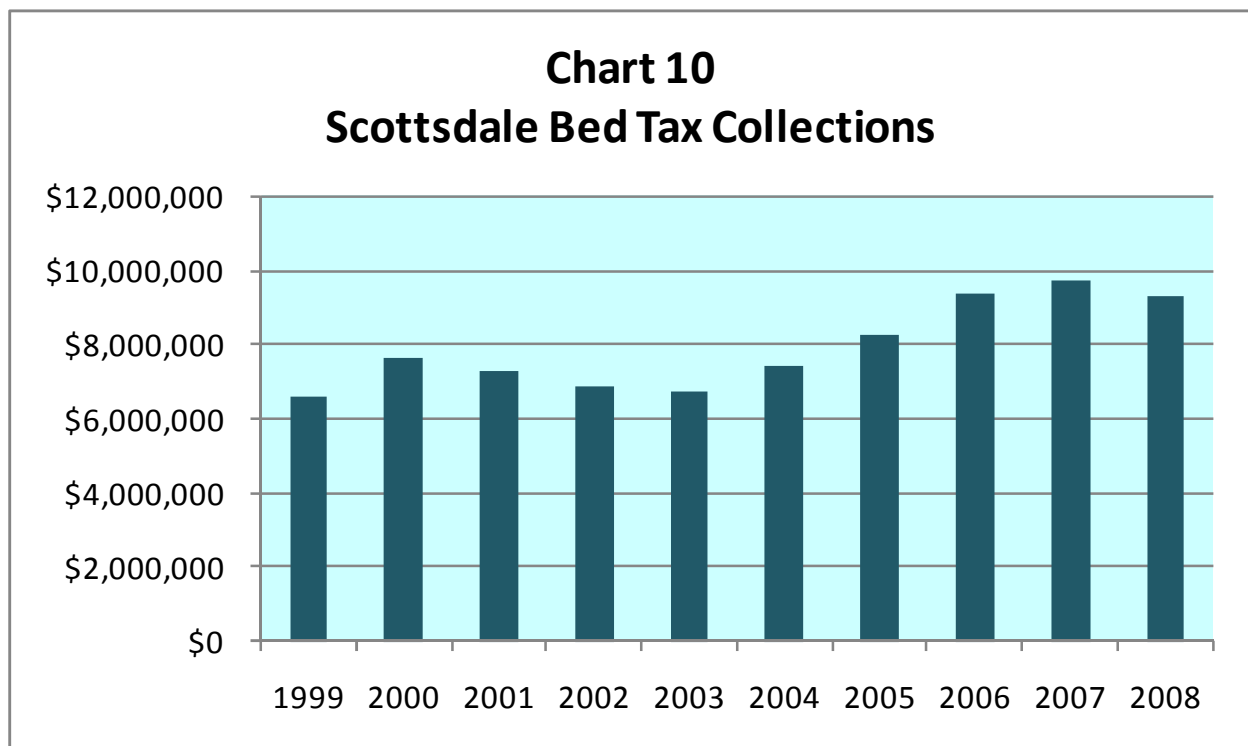
Source: City of Scottsdale, Economic Vitality Department, "Tourism Study Part I: Lodging Statistics" report



Table 19 Growth in Tourism Scottsdale/Paradise Valley Market Area				
Year	Hotel Room Inventory	Average Room Rate	Average Occupancy	Scottsdale Bed Tax Collections*
1999	12,755	\$136.56	63.5%	\$6,626,425
2000	13,150	\$140.53	64.3%	\$7,619,693
2001	13,248	\$143.34	59.7%	\$7,276,496
2002	15,092	\$133.63	60.3%	\$6,846,846
2003	15,484	\$130.84	62.2%	\$6,713,203
2004	14,849	\$134.20	66.6%	\$7,439,590
2005	14,617	\$145.31	70.4%	\$8,276,226
2006	15,264	\$164.19	69.9%	\$9,375,017
2007	15,345	\$170.59	66.6%	\$9,741,770
2008	16,237	\$172.26	61.0%	\$9,278,713

Source: Smith Travel Research; City of Scottsdale, Economic Vitality Department

* = Bed tax collection figures represent Scottsdale hotels *only*



Educational Quality

The quality of education in a community is one of the most important factors in decision making by companies looking to expand or relocate because it directly impacts the quality of the labor force. Education is also a major factor in people's decisions about where to live, as everyone wants to provide the best education possible for their children.

The Scottsdale Unified School District has consistently had one of the highest rated school districts in the Phoenix metro area, with average standardized test scores rivaled only by Cave Creek Unified, Paradise Valley Unified, (both located, in part, in Scottsdale) and Kyrene Elementary District. Although the Scottsdale School District boundaries do not completely correspond with Scottsdale's city limits, approximately 92 percent of all school age children in Scottsdale are located within this district. The remaining children attend school in the Paradise Valley or Cave Creek School Districts, both of which have high overall test scores.

Table 20 (p. 37) compares the Scottsdale Unified School District with other school districts in the metro Phoenix area.

Bond Rating

A high bond rating reflects the credit industry's faith in Scottsdale's ability to repay outstanding debt. Higher rated bonds indicate less risk to prospective bond buyers, which translates to lower interest costs for the city and its citizens. Scottsdale's general obligation bond rating was upgraded to AAA by Fitch IBCA in 1999, and by Standard & Poor's Rating Service and Moody's Investor Service in 2001. In April 2008, the Rating Agencies upheld the City's AAA rating.

Scottsdale's outstanding ratings reflect the quality of growth in the community and the City's ability to manage it. The City has substantial reserves set aside to combat an economic downturn, it has high property values and household incomes, and it has a strong financial management track record.

Did you know?

A high bond rating reflects the credit industry's faith in Scottsdale's ability to repay outstanding debt.

Table 20 Selected Metro Phoenix School Districts												
School District	2008/09 Enrollment Total	2009 TerraNova Assessment Results Median Percentile Rank by Grade										
		Fourth Grade			Eighth Grade			Ninth Grade				
		Reading	Math	Language	Reading	Math	Language	Reading	Math	Language	Reading	Math
Scottsdale Unified	27,029	65	75	70	73	76	72	70	68	68	68	68
Cave Creek Unified	5,956	67	74	72	66	73	67	75	69	72	72	72
Chandler Unified	37,128	59	69	64	68	73	65	65	67	63	63	63
Deer Valley Unified	36,847	60	66	67	69	70	66	64	60	62	62	62
Glendale Elementary/ Glendale Union HSH	13,698 14,885	36	47	38	43	38	47	51	51	52	52	52
Mesa Unified	70,297	52	62	54	60	68	60	62	62	63	63	63
Paradise Valley Unified	33,849	62	69	65	67	68	67	62	66	65	65	65
Phoenix Elementary/ Phoenix Union HSD	8,174 25,149	37	41	38	41	38	47	39	39	42	42	42
Kyrene Elementary/ Tempe Union HSD	18,123 13,111	64	73	69	75	79	72	65	64	63	63	63
Maricopa County	683,966	50	59	55	59	62	59	56	56	56	56	56
Arizona	1,078,697	49	57	54	57	58	57	53	52	54	54	54
U.S.	58,528,070	50	50	50	50	50	50	50	50	50	50	50

Source: Arizona Department of Education; US Census

X. ECONOMIC OUTLOOK

The Arizona Blue Chip Panel is composed of economists from a variety of major public- and private-sector organizations that track economic trends and provide a monthly economic forecast for Arizona and quarterly forecast for the greater Phoenix area. The following section summarizes recent economic forecasts of the Blue Chip Panel.

Blue Chip Economic Forecast

Tables 21 and 22 (p. 39) outline a series of economic indicators forecasted by the Blue Chip Panel for anticipated changes in the next few years. The tables include data for general economic indicators and for real estate.

Economic Forecast

Population growth rates have slowed from recent years, homebuilding has ground to a halt, and Arizona has lost the second largest share of jobs in the country. However, the economy is expected to begin to emerge from the recession in early 2010 (if it has not already). Unfortunately, it is expected that Arizona will lag any national recovery slightly, and the strength of the ensuing recovery is up for debate. In the long-term, however, Arizona profiles as a strong state for economic growth, with strong rates of growth anticipated in population and employment over the next few decades. This bodes well for the economies of both the state and Scottsdale.

Overall, 2010 is anticipated to be an improvement over 2009, with slight to moderate increases in population, income, retail sales, and employment.

Real Estate Forecast

Construction is expected to slow dramatically in the commercial real estate markets over the next few years as the market tries to recover from the recession and absorbs projects still in the pipeline. However, building permits for residential units are suspected to grow significantly during this time period.

Generally, due to the oversupply of commercial real estate in the area, the only commercial projects anticipated to be completed over the next few years are those that are currently in the development pipeline.

Overall, the weakness in Arizona's economy is expected to continue through 2009, but the bottoming out process is expected to begin (if not already underway). Arizona's economy is expected to lag the broader national recover, and any recovery is expected to be relatively tepid compared to past recessions.

Table 21 Economic Forecast** <i>State of Arizona and Metro Phoenix</i>		
Growth Indicator	Economic Forecast for 2009 (vs. 2008)	Economic Forecast for 2010 (vs. 2009)
Population Growth:		
Arizona:	1.2%	1.5%
Metro Phoenix:	1.6%	1.8%
Current Personal Income:		
Arizona:	-0.8%	2.1%
Metro Phoenix:	0.7%	2.4%
Retail Sales:		
Arizona:	-7.8%	3.8%
Metro Phoenix:	-4.5%	3.8%
Wage & Salary Employment Growth:		
Arizona:	-5.2%	0.4%
Metro Phoenix:	-3.7%	0.0%
AZ Single-family Units	-32.6%	18.3%

****Source:** ASU Blue Chip Economic Forecast Arizona, October 2009; ASU Blue Chip Economic Forecast Phoenix, Third Quarter 2009.

Table 22 Real Estate Forecast <i>Greater Phoenix Area</i>			
Economic Indicator	2009	2010	2011
Residential:			
Single-Family Permits	8,071	11,446	16,501
Multi-Family Permits	1,450	1,643	2,486
Apartment Vacancy	12.5%	11.9%	10.9%
Absorption	(758)	2,933	4,306
Office:			
Construction*	2.05	1.03	0.19
Occupancy	24.9%	25.7%	24.2%
Absorption*	(1.73)	(0.08)	1.17
Retail:			
Construction*	2.45	1.20	2.28
Occupancy	12.0%	12.9%	12.6%
Absorption*	(2.35)	(0.35)	1.45
Industrial:			
Construction*	2.39	0.59	0.88
Occupancy	16.2%	16.6%	15.9%
Absorption*	(4.11)	(0.60)	1.75

Source: Phoenix Blue Chip Economic Forecast Arizona, Third Quarter 2009.

***Note:** in millions of square feet

Scottsdale's View

The City of Scottsdale retains fundamental economic strength due to its diversified employment base, attractiveness to new business, retail base, and strong tourism attraction.

Housing starts and new commercial development will remain slow as the general economy recovers. With significant amounts of vacant commercial space available, the lag in new commercial construction may be extended.

Interest remains high in the community because of its quality of life, value as a business location, its status as a premier tourism destination, and the economic and public infrastructure that have been put in place.

If you would like more information about Scottsdale, potential sites for business relocation, or other economic- or business-related information, please feel free to contact the Economic Vitality Department:

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